

8/4/94

**SUBJ: IMPREST FUND**

1. PURPOSE. This supplement to Order DOT 2770.7A, Imprest Fund Manual, which is appendix 1 to FAA Order 2770.4A, Imprest Fund, establishes the Federal Aviation Administration's policy and operational guidance on the issuance, control, and maintenance of the third party drafts (TPD) under a third party payment system through the services of a contractor. The Third Party Draft Program administers the third party payment system by the Department of Transportation administrations to issue drafts through the services of the TPD contractor.
2. DISTRIBUTION. This supplement is distributed to branch level and above in FAA headquarters, regions, centers, and area offices; limited distribution to all field offices and facilities.
3. CANCELLATION. FAA Supplement 1 to FAA Order 2770.4A dated 2/7/84 is canceled.
4. FILING INSTRUCTIONS. After filing this supplement, the transmittal should be retained.
5. EXPLANATION OF CHANGES. This supplement:
  - a. Provides policies and procedures for the third party drafts and travelers checks usage by imprest fund cashiers.
  - b. Cancels the prior Supplement 1 and restates its provisions as follows:
    1. States the expanded use of imprest funds to include cash payments up to \$600 for petroleum product purchases.
    2. Increases the cash payment maximums to \$500 for routine cash payments and travel advances or up to \$2,500 for one-time emergency cash payments.
    3. States approval requirements for advances and cash payments.
    4. Provides for Class A and B Cashier's accountability reports to disbursing officers.

PAGE CONTROL CHART

Remove Pages	Dated	Insert Pages	Dated
		1-1-S1 and 1-1-S2 (following DOT 2770.7A page ii)	
		3-1-S1 and 3-1-S2 (following DOT 2770.7A page 2-4)	
(3-6-S1 and) 3-6-S2 (following DOT 2770.7A page 3-5)	2/7/84	4-1-S1 and 4-1-S2 (following DOT 2770.7A page 3-5)	
(5-4-S1 and) 5-4-S2 (following DOT 2770.7A page 5-4)	2/7/84	6-1-S1 (and 6-1-S2) (following DOT 2770.7A page 5-4)	
6-4-S1 (and 6-4-S2) (following DOT 2770.7A page 6-4)	2/7/84	6-4-S1 (and 6-4-S2) (following DOT 2770.7A page 6-4)	
(6-6-S1 and) 6-6-S2 (following DOT 2770.7A page 6-6)	2/7/84	6-7-S1 (and 6-7-S2) (following DOT 2770.7A page 6-6)	
		7-2-S1 (and 7-2-S2) (following DOT 2770.7A page 7-2)	

  
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## FA SUPPLEMENTAL PAGE

1-S1. PURPOSE. This supplement establishes the Federal Aviation Administration (FAA) policy and procedures on the issuance, control, and maintenance of third party drafts (TPD) under a third party payment system through the services of a TPD contractor. The Third Party Draft Program (TPDP) administers the third party payment system by allowing DOT administrations to issue drafts for authorized payments up to \$2,500 through the services of the TPD contractor. All payments must be in accordance with this order and regulations issued by the General Services Administration (GSA), the Department of the Treasury, the Department of Transportation (DOT), and the FAA. Imprest fund cashiers or other officials that will issue TPD's must be designated by the manager of the servicing accounting office and authorized by the TPD contractor. The FAA is the executive agency for DOT while the Office of Accounting, Travel and Relocation Systems Division, AAA-300, administers the DOT-wide TPDP as the Contracting Officer's Technical Representative for the contract.

a. The supplement establishes FAA policies and procedures for imprest fund operations regarding travelers checks.

b. The supplement restates the major provisions of the prior supplement 1 dated 2/7/84 that is canceled and superseded by this supplement.

### 3-S1. DEFINITIONS.

3a-S1. a. Imprest Fund. The Third Party Draft DOT-wide contract allows DOT administrations to secure TPD's from the contractor for authorized payments by a imprest fund cashier or designated official. The contract allows the administrations to establish an account with the contractor and request a predetermined fixed amount of drafts based on the fund's operational needs. The drafts are for issuance by imprest fund cashiers or designated officials for authorized payments as an alternative to cash payments.

3b-S1(6). TPD Principal Official-Cashier. As used herein, the TPD Principal Official-Cashier is an imprest fund cashier designated by the manager of the servicing accounting office and authorized by the TPD contractor to issue TPD's for authorized payments up to \$2,500.

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3b-S1(7). TPD Official-Alternate Cashiers and Other Designated TPD Officials. A TPD Official-Alternate Cashier and other designated TPD officials are authorized Officials Designated by the manager of the servicing accounting office and authorized by the TPD contractor to issue TPD's for authorized payments up to \$2,500. All payments must be in accordance with this order and regulations issued by the organizations listed in paragraph 1. The TPD Official-Alternate Cashier and other Designated Officials have the same functional responsibilities as the imprest fund cashier for the drafts issued to them.

3e-S1. e. TPD System. The TPD program establishes a third party payment system whereby the contractor is required to: (1) provide imprest fund cashier, or other agency approved official, with a supply of payment instruments drawn on the contractor's account; (2) process the payment instruments as they are presented for payment; (3) provide the agency automated or paper listings of the cleared instruments for reimbursement by the agency; and (4) provide the agency with management and accounting information captured from the payment instruments.

3f-S1. f. Payment Instruments. As used herein, "Payment instruments" means TPD's.

(1) Third Party Draft is a check-like instrument drawn against, and paid by an outside-the-Government contractor or financial institution. The financial institution or draft company, i.e., third party contractor, supplies the agency with drafts to be issued against an agency account maintained by the financial institution.

(2) Under the terms of the contract, the third party contractor provides insurance against loss. The TPD contractor shall reimburse the FAA for any improperly issued drafts, whether for unauthorized use, forged or unauthorized endorsement, if FAA notifies the contractor within the specified period as stated in the contract. (Procedures for exercising FAA's rights under this insurance coverage are being developed under a separate order.)

#### 4-S1. PROCEDURES FOR THE TPD PROGRAM.

a. Accounting procedures related to the automated processing of TPD's are contained in FAA Order 2700.35, Third Party Draft System (TPDS)-Accounting Procedures, issued by the Accounting Systems Division, AAA-400.

b. The TPDS Users Manual will be maintained and distributed by the Western-Pacific accounting office.





FA SUPPLEMENTAL PAGE

1-S1. CUSTODY OF TPD'S AND TRAVELERS CHECKS.

1a-S1.a. Accounting for TPD's and Travelers Checks. TPD Principal-Cashiers shall at all times be able to account for all TPD's and travelers checks issued to them. All TPD Official-Alternate Cashiers and other designated TPD Officials, with the authority to issue TPD's, shall at all times be able to account for all drafts issued to them.

1b-S1.b. Liability of TPD Principal Official-Cashiers, TPD Official-Alternate Cashiers, and Other Designated TPD Officials.

(1) TPD Principal Official-Cashiers, TPD Official-Alternate Cashiers, and other designated TPD Officials are not personally liable, but are administratively accountable for errors and following agency procedures for reporting lost or stolen drafts. Additionally, they are subject to administrative unannounced inspections by the servicing accounting office manager to determine whether drafts are properly accounted for and that the drafts have been safeguarded against loss or misuse. Further, they are responsible for:

(a) Ensuring that TPD's are properly authorized and that they are not for restricted purchases, and

(b) Ensuring that TPD's are prepared accurately so that drafts are for the exact amount of the purchase, shall not be made out to cash, and shall not be made out to an FAA employee as payee.

(2) Imprest fund cashiers with travelers checks responsibilities are subject to the same safeguarding requirements, accountability, and liability as cash.

1e-S1.e. Losses. TPD Principal Official-Cashiers and the designated TPD alternates shall immediately report in writing any lost or stolen TPD's or travelers checks to the accounting office manager or the manager's designee. For procedures related to drafts see accounting procedures (Chapter 1, paragraph 4-S1).

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**2-S1. SAFEGUARDING THE TPD'S AND TRAVELERS CHECKS.** TPD Principal Official-Cashiers and the designated TPD alternates shall safeguard TPD's and travelers checks in accordance with Order DOT 1600.26, DOT Security Manual, and although TPD's are not subject to the same criteria defined for safeguarding imprest funds, they must be secured in a locked safe and in a secured environment to protect them from being stolen or misused.





FA SUPPLEMENTAL PAGE

1-S1. DOLLAR LIMITATIONS. The maximum payments and advances for FAA imprest funds are as follows:

a. Routine cash payments from imprest funds are not to exceed \$500.

b. Exceptions for one-time emergency cash payments in excess of \$500, but no more than \$2,500, may be authorized by officials who have been delegated this authority in writing. These officials are cautioned that this exception must be used with discretion on a case-by-case basis. This exception is subject to the following limitations.

(1) Use of cash for travel advances from imprest funds is limited to \$500 in FAA Order 1500.14A, Travel Manual, paragraph 6-0103b.

(2) Third-party drafts, where available, shall be issued for authorized payments not to exceed \$2,500.

(3) This exception shall not be used for purchases that are prohibited by this order.

(4) This exception shall not be used for reimbursement of travel expenses.

c. Authority for emergency cash payments in excess of \$500.

(1) Managers of accounting offices are authorized to approve these payments from imprest funds under their direct supervision. This authority may be redelegated to branch or section managers in the accounting office who have imprest funds under their direct supervision. This authority may not be redelegated further.

(2) Managers of accounting offices servicing other regions with a headquarters imprest fund may delegate this authority to the serviced region's division manager who has direct supervision over the fund. This authority may not be relegated further.

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(3) Any emergency cash payments under this exception made at imprest funds not located in region, center, or headquarters facilities must be approved by the servicing accounting office manager with the fund responsibility. This approval may be verbal but must be confirmed in writing within 5 days of verbal approval.

d. Documentation.

(1) All one-time emergency cash payments must be documented in writing, including the circumstances requiring the payment. The justification with approval is to be retained at the imprest fund office with a copy filed in the servicing accounting office.

(2) All delegations of authority shall be retained at the imprest fund office with a copy filed in the servicing accounting office.

e. Payments of cash, not to exceed \$600 for any one transaction, are authorized for a petroleum products purchase. Such payments shall only be made when vendors will not accept SF-44, Purchase Order-Invoice-Voucher, and a statement to that effect is placed on the voucher by the vendor or the purchaser.

**2-S1. REQUIREMENTS CONCERNING AUTHORIZED CLASSES OF PAYMENTS.**

2a-S1. a. Small Purchases. Payments for small purchases may be made in accordance with procurement regulations issued by the organizations listed in chapter 1, paragraph 1 of this supplement. Drafts shall be issued for small purchase requisitions provided that they do not exceed \$2,500 and do not result in either a formal purchase order or contract through procurement. Other payments normally made from imprest funds may be by draft when approved by an official with approval authority.





FA SUPPLEMENTAL PAGE

2-S1. APPROVALS FOR ALL PAYMENTS. Cashiers shall require all employees requesting reimbursement for purchases to present both their authority to make purchases and Form DOT F 1600.1.3, Identification card, at the time disbursements are made.

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## FA SUPPLEMENTAL PAGE

5-S1. PAYMENTS FOR TRAVEL ADVANCES. The Office of the Secretary of Transportation, Office of Financial Management, B-30, has authorized FAA to increase the maximum cash advances up to \$500 for routine payments of travel advances by cashiers who do not have travelers checks.

a. Travelers checks, where available, are the primary method of payment for travel advances.

b. Travelers with Government-approved charge cards are not authorized to receive cash advances in lieu of purchasing travelers checks with their charge card.

c. For locations where travelers checks are unavailable, cash advances up to \$500 may be approved if determined to be in accordance with FAA Order 1500.14A, Travel Manual, chapter 6.

d. Third party drafts may be issued for advances subject to further limitations as stated below.

(1) The preferred method of payment for travel advances is through travelers checks at locations where travelers checks are available. These travelers shall purchase the travelers checks with their Government-approved charge card. The secondary method of payment, where travelers checks are unavailable and drafts are available, is by issuance of TPDs.

(2) Travel advance amounts are to be consistent with the limitations contained in FAA Order 1500.14A, Travel Manual, chapter 6.

## 6-S1. PAYMENTS FOR TRAVEL EXPENSES.

a. Review and Approval. Cash payments for reimbursement of travel expenses are limited to \$500, including emergency payments of travel expenses. Third party draft payments for reimbursement of travel expenses may be made by TPD Official-Cashiers and the designated TPD alternates located at region, center, and headquarters facilities which have servicing accounting offices, after they have been certified for payment.

b. Emergency Payments. Indiscriminate payment of travel vouchers in excess of \$500 from the imprest fund shall not be permitted in view of the excessive cash requirements needed to meet such payments.





FA SUPPLEMENTAL PAGE

9C-S1. SUBMISSION OF ACCOUNTABILITY REPORTS - CLASS A AND B CASHIERS. The SF 1129, Reimbursement Voucher, showing status of the fund shall be submitted to the manager of the FAA accounting office for subsequent transmittal to the disbursing officer from whom the cashier received the advance.

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FA SUPPLEMENTAL PAGE

4-S1. REVIEW OF FUND ACTIVITIES. Accounting offices shall establish procedures for a quarterly imprest fund cash requirements review where third party drafts and/or travelers checks are available for use in lieu of cash. Since the objective of these programs is to provide an alternative payment method, a minimum amount of cash shall be held in these funds based on the average monthly cash disbursements.

